

**ARIZONA DEPARTMENT OF ADMINISTRATION -
HUMAN RESOURCES**
A.R.S. § 41-761

Other Appropriated Funds	FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	123.0	145.5	151.5 ^{1/}	151.5 ^{1/}
Personal Services	3,499,400	4,184,800	4,449,000	4,538,000
Employee Related Expenditures	724,500	918,500	952,000	993,200
Professional and Outside Services	205,100	220,000	220,300 ^{2/}	221,400 ^{2/}
Travel - In State	9,800	12,000	12,000	12,000
Travel - Out of State	4,800	7,600	7,600	7,600
Other Operating Expenditures	1,179,900	1,237,800	1,259,100	1,259,100
Equipment	40,000	5,400	9,000	5,400
Operating Subtotal	5,663,500	6,586,100	6,909,000	7,036,700
Special Recruitment	32,900	43,500	43,500	43,500
Personnel Automation Project	127,800	175,000	175,000	175,000
HRMS	898,200	1,276,500	1,579,700	1,279,700
Personnel Reform	0	450,000	0	0
Classification Project	16,300	0	0	0
Special Merit Awards	0	100,000 ^{3/}	0	0
Health Insurance and Wellness Programs	0	2,496,500	2,838,200	2,879,200
Total Appropriations	6,738,700	11,127,600	11,545,400 ^{4/}	11,414,100 ^{4/}
Fund Summary				
Personnel Division Fund	6,738,700	8,531,100	8,707,200	8,534,900
Special Employee Health Insurance Trust Fund	0	2,496,500	2,838,200	2,879,200
Retiree Accumulated Sick Leave Fund	0	100,000	0	0
Total Appropriations	6,738,700	11,127,600	11,545,400	11,414,100

Program Description — *The Human Resources Division serves as the state personnel office, providing recruitment and evaluation services, assisting state agencies with hiring and personnel issues, and administering the state's health insurance plans. The division's operating budget is funded through a 0.9% charge on state agency payrolls.*

Trainers — The appropriation includes an increase of \$145,000 and 4 FTE Positions to transfer training for AFIS and HRMS from the General Accounting Office to the Human Resources Division starting in FY 2000. The training is provided by the department to other state agencies.

Benefits Survey — The approved FY 2000 amount includes an increase of \$50,000 from the Special Employee Health Insurance Trust Fund for periodic surveys on employee benefits. This amount is continued in FY 2001. This will enable the department to provide benefit information to the Joint Legislative Study

Committee on State Employee Compensation, as directed by Laws 1998, Chapter 292.

Special Recruitment — This Special Line Item funds advertising and related costs of hiring specialized or upper management positions for agencies in the Arizona Department of Administration (ADOA) personnel system. Monies are from the Personnel Division Fund.

Personnel Automation Project — This Special Line Item funds the ongoing development of automated systems for job applications and other functions. Monies are from the Personnel Division Fund.

^{1/} Includes 21.5 FTE Positions funded from Special Line Items in FY 2000 and FY 2001.

^{2/} Includes an adjustment for Office of the Attorney General legal services. (See the Salary Adjustment table at the front of this report for more information.)

^{3/} This appropriation was made exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations, by Laws 1999, Chapter 139.

^{4/} General Appropriation Act funds are appropriated as a Lump Sum by Fund for the Agency.

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HRMS — This Special Line Item funds Data Center charges for Human Resource Management System (HRMS) and Benefit Information Tracking System computer run time. The FY 2000 appropriation includes an increase of \$300,000 from the Personnel Division Fund to survey agency needs and develop a plan for combining the Arizona Financial Information System (AFIS) and HRMS. It is the intent of the Legislature that the department pay for the General Fund portion of this project by reallocating existing resources.

Personnel Reform — Laws 1997, Chapter 288 made a non-lapsing appropriation of \$450,000 from the Personnel Division Fund to the department for FY 1999. The monies will be used to implement reform measures required by the bill. At the end of FY 1999, approximately \$309,300 remained available for expenditure.

The FY 2000 appropriation transfers \$67,300 for the Personnel Reform Special Line Item to the operating budget and eliminates the remaining \$(382,700). The FY 2001 appropriation includes a further reduction of \$(3,600) to eliminate one-time equipment. The appropriation also makes permanent 1 FTE Position added by the bill. This will allow the department to provide ongoing analysis as it develops and implements personnel reform. As an ongoing part of the agency's activities, the resources for this activity are more appropriately placed in the operating budget.

Classification Project — Since FY 1994, the Classification Project Special Line Item appropriation has provided total expenditure authority of \$1,148,300 from the Personnel Division Fund to design a new job classification system for the ADOA personnel system. At the end of FY 1999, approximately \$122,500 remained available for expenditure from the FY 1994 non-lapsing appropriation.

Special Merit Awards — The approved amount eliminates a one-time appropriation from the Retiree Accumulated Sick Leave Fund to the Special Merit Award Fund. The merit award program should not require additional funding in the next few years.

Health Insurance and Wellness Programs — In accordance with Laws 1997, Chapter 210, administrative expenditures from the Health Insurance Trust Fund became appropriated starting in FY 1999. The Special Line Item appropriation includes a total of 22.5 FTE Positions and funds the administration of the state employee health insurance and wellness programs.

The FY 2000 appropriation includes an increase of 1 FTE Position and \$247,800 from the Special Employee Health Insurance Trust Fund to restore the Wellness Program to its FY 1998 service level. The FY 2001 amount includes a

further increase of \$19,200 to reflect increasing contract costs. The Wellness Program offers classes through private contractors and is supported by a charge of \$2.60 to state employees enrolled in the state's health insurance program.

Additional Legislation: State Employees: Compensation (Chapter 139) — This bill makes numerous changes related to the state personnel systems, including the following with a fiscal impact:

- requires the ADOA to track staff hours spent administering payroll deductions for employee association dues and permits ADOA to charge these associations a fee;
- changes the Special Merit Award Fund to the State Employee Suggestion Program Award (SESPA) Fund, changes the criteria for awards from the fund, and allows ADOA to use up to 6% of appropriations to the fund for advertising and promotion;
- makes a \$100,000 FY 1999 appropriation to the SESPA Fund non-lapsing;
- requires ADOA to annually train supervisors and managers on personnel management;
- changes the membership and duties of the Special Market Award Committee;
- requires ADOA to report to the Joint Legislative Study Committee on State Employee Compensation (JLSCSEC) by August 1, 1999 on a new classification system, employee salary issues, and replacement of HRMS; and
- requires ADOA to report to the JLSCSEC by November 1, 1999 on the State Employee Suggestion Program and on the department's final recommendations for replacing HRMS, including funding recommendations.

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